

# STATE OF WORKING INDIA 2023

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**Social Identities and  
Labour Market Outcomes**



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# About Azim Premji University's Work on Sustainable Employment

Azim Premji University was established in 2010, by the Azim Premji Foundation, with a clear social purpose of working towards a just, equitable, humane, and sustainable society. All of the University's programmes, teaching, research, and practice, work towards this purpose.

To contribute to the critical matter of India creating just and sustainable employment, the University has set up the Centre for Sustainable Employment (CSE), which conducts and supports research in areas of work, labour, and employment. The University is attempting to provide empirically grounded, analytical reflections on the state of work and workers in India, as well as to evaluate and propose policies that aim to create sustainable jobs. To this end the University also gives grants to create new knowledge in the above areas. It also hosts a working paper series to which contributions are invited from researchers, policy-makers, civil society actors, and journalists. The University's CSE website is an important part of this agenda. In addition to research papers and policy briefs, it hosts government reports, as well as data and statistics on the Indian labour market.

Website: <https://cse.azimpremjiuniversity.edu.in/>

Twitter: [@working\\_india](https://twitter.com/working_india)

Facebook: <https://www.facebook.com/centreforsustainableemployment>

LinkedIn: <https://www.linkedin.com/company/centre-for-sustainable-employment/>

Email: [cse@apu.edu.in](mailto:cse@apu.edu.in)

## About IWWAGE

The Institute for What Works to Advance Gender Equality (IWWAGE) aims to build on existing research and generate new evidence to inform and facilitate the agenda of women's economic empowerment. IWWAGE is an initiative of LEAD, an action-oriented research centre of IFMR Society (a not-for-profit society registered under the Societies Act). LEAD has strategic oversight and brand support from Krea University (sponsored by IFMR Society) to enable synergies between academia and the research centre.

Website: <https://iwwage.org/>

# Executive Summary

The Indian story of economic growth and structural transformation has been one of significant achievements as well as continuing challenges. On the one hand, the economy has grown rapidly since the 1980s, drawing millions of workers out of agriculture. And the proportion of salaried or regular wage workers has risen while that of casual workers has fallen. On the other hand, manufacturing has failed to expand its share of GDP or employment significantly. Instead construction and informal services have been the main job creators. Further, the connection between growth and good jobs continues to be weak.

When we speak of new opportunities, another important set of questions arises. Who is able to take advantage of them, and who is not? Has growth created faster improvements for marginalised groups, enabling them to catch up with more advantaged groups? This year's report takes a detailed look at the impact that growth and structural change have had on some long-running social disparities. We show that significant progress has been made on all fronts since the 1980s, but also that there is a long road ahead.

The report makes use of official datasets such as the NSO's Employment-Unemployment Surveys, the Periodic Labour Force Surveys, the National Family Health Surveys, Annual Survey of Industries, and the Economic and Population Censuses. We also make use of a unique primary survey carried out in rural Karnataka and Rajasthan, the India Working Survey. This year's report goes further than our earlier three editions and makes extensive use of regression analysis to offer more precise estimates of the impacts of structural change on employment conditions and outcome gaps.

## Highlights from the report:

- **Faster structural change:** After stagnating since the 1980s, the share of workers with regular wage or salaried work started increasing in 2004, going from 18% to 25% for men and 10% to 25% for women. Between 2004 and 2017, around 3 million regular wage jobs were created annually. Between 2017 and 2019 this jumped to 5 million per year. Since 2019, the pace of regular wage jobs creation has decreased due to the growth slowdown and the pandemic.
- **Upward mobility has increased:** In 2004 over 80% of sons of casual wage workers were themselves in casual employment. This was the case for both SC/ST workers and other castes. For non-SC/ST castes, this fell from 83% to 53% by 2018 and incidence of better quality work such as regular salaried jobs increased. It fell for SC/ST castes as well, but to a lesser extent (86% to 76%).
- **Caste-based segregation has reduced:** In the early 1980s Scheduled Caste workers were more than 5 times over-represented in waste-related work and over 4 times in leather-related work. This has declined rapidly over time, though it is not completely eliminated as of 2021-22. In the leather industry, the representation index declined sharply to 1.4 in 2021. In waste management and sewerage, over-representation of SCs decreased to 1.6 times in 2011 before increasing slightly again.

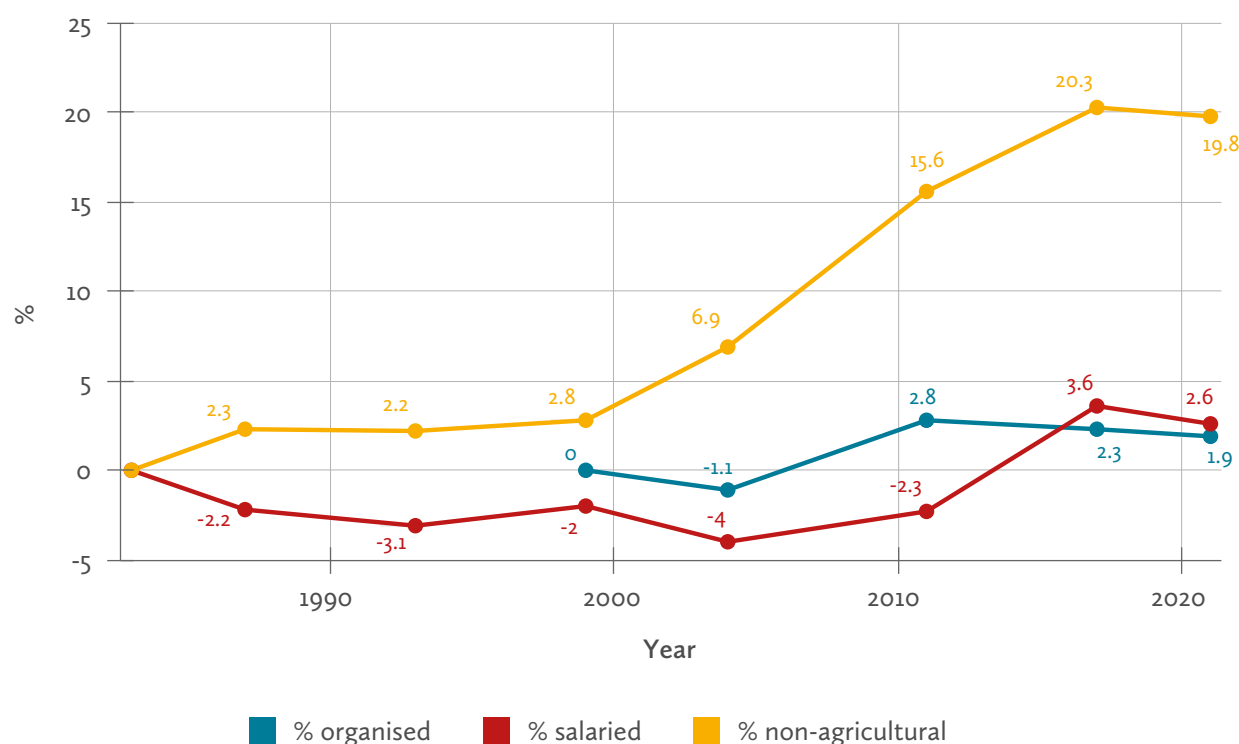
- **Gender-based earnings disparities have reduced:** In 2004, salaried women workers earned 70% of what men earned. By 2017 the gap had reduced and women earned 76% of what men did. Since then the gap has remained constant till 2021-22.
- **Connection between growth and good jobs remains weak:** Since the 1990s year-on-year non-farm GDP growth and non-farm employment growth are uncorrelated with each other suggesting that policies promoting faster growth need not promote faster job creation. However, between 2004 and 2019, on average growth translated to decent employment. This was interrupted by the pandemic which caused larger growth in distress employment.
- **Unemployment is falling but remains high:** Post-Covid the unemployment rate is lower than it was pre-Covid, for all education levels. But it remains above 15% for graduates and more worryingly it touches a huge 42% for graduates under 25 years.
- **After falling for years, women's WPR is rising, but not for the right reasons:** After falling or being stagnant since 2004, female employment rates have risen since 2019 due to a distress-led increase in self-employment. Before Covid, 50% of women were self-employed. After Covid this rose to 60%. As a result earnings from self-employment declined in real terms over this period. Even two years after the 2020 lockdown, self-employment earnings were only 85% of what they were in the April-June 2019 quarter.
- **Gender norms continue to be significant for women's employment:** As husband's income rises, women are less likely to work. In urban areas, after the husband's income crosses ₹40,000 per month, the chance of the wife working increases again (i.e. there is a U-shaped relationship). There is also a strong intergenerational effect of gender norms. Compared to households where there is no mother-in-law present, married women living in households where the mother-in-law is present but not employed are 20% (rural) to 30% (urban) less likely to be employed. However, if the mother-in-law is employed herself, daughters-in-law are 50% (rural) to 70% (urban) more likely to be employed.
- **Marginalised caste entrepreneurs are still rare:** We find that even in the smallest firm sizes, SC and ST owners are under-represented compared to their share in the overall workforce. But even more significantly, SC and ST owners are barely represented among firms employing more than 20 workers. Correspondingly, General caste overrepresentation increases with firm size.

In this executive summary we elaborate on the above points. The notes below a figure or a table point the reader to the relevant portion of the report for more information and context.

# 1. Growth pulled people out of agriculture and the share of regular salaried workers rose. But women left the workforce and informality levels remain a concern.

a. Although share of non-agricultural employment rose, it was not matched by a similar increase in the share in regular wage employment or employment in the organised sector

Share of workers in non-agricultural employment rose much faster than the share in regular wage employment or organised sector

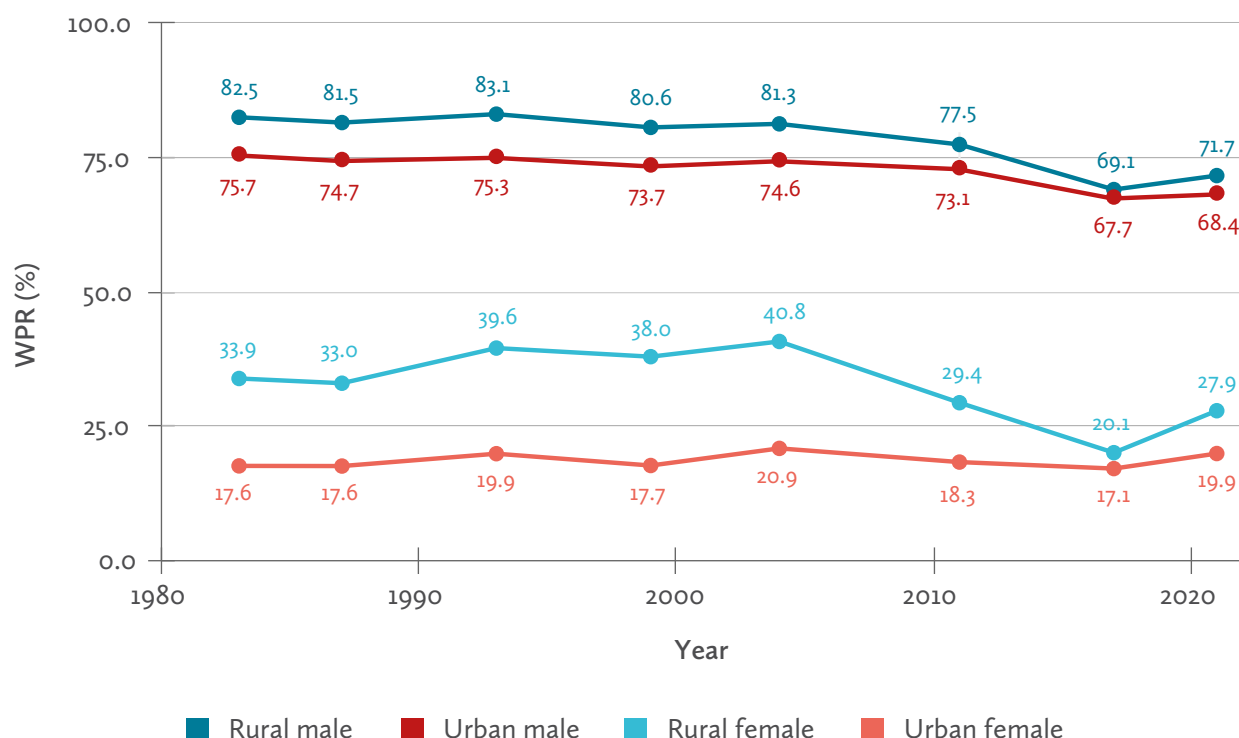


Sources and notes: NSS EUS and PLFS various rounds. The numbers are indexed to their 1983 values. % salaried implies the proportion of regular wage workers in the non-agricultural sector. This is Figure 3.7 in the report.

One sign of a successful structural transformation is a decline in agricultural employment share, accompanied by a rise in the share of regular wage or salaried workers. Between 1983 and 2019 (eve of the pandemic) the share of the non-farm sector in employment rose 20 pct pts, but the majority of such jobs were of the informal variety. On net, the share of regular wage work increased less than 3 pct pts and that of the organised sector less than 2 pct pts. The period since 2004 saw a more rapid increase in salaried work, going from 15% of the workforce to 25% by 2018 before falling due to the pandemic.

**b. A large share of women exited the workforce but for those who remained in employment, the share in regular wage work increased.**

Workforce participation rate over the long run for men and women in rural and urban areas



Sources and notes: NSS EUS and PLFS various rounds. This is Figure 2.1 in the report.

For men, exit from agriculture meant a large increase in the share of construction while for women it meant an exit from the workforce. The figure shows two main challenges with respect to women's employment - the decline in the rural female workforce participation rate (WPR) and the stagnant, low urban rate. The recent rise in women's WPR since 2019 is discussed in Point 8. The period between 2004 and 2018 (just prior to the slowdown and the pandemic) saw a dramatic change in the composition of the female workforce. Older, less educated women working in agriculture exited while younger more educated women entered. As a result the large decline in the employment rate for rural women was accompanied by a significant increase in the proportion of women workers who had regular wage jobs - going from just under 10% in 2004 to 25% in 2018 before falling to 20% due to the pandemic.

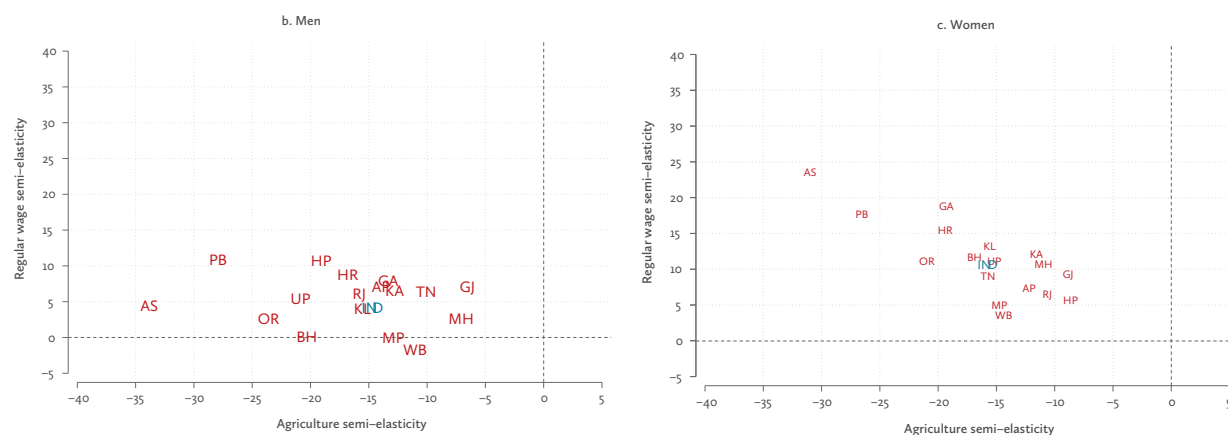
**c. For men, a doubling of GDP reduced agricultural share of employment much more than informal share. For women who remained in the workforce, a decline in agriculture share was accompanied by a decrease in informal share.**

Combining employment data with State Domestic Product (SDP) data, we measure how effective growth was in pulling workers out of agriculture as well as in creating regular wage jobs at the state level. We find significant variation across states. The figures show the pct pt change in agriculture share (X axis) and regular wage share (Y axis) with a doubling of SDP per capita. For men, the decline in agricultural share was much faster as compared to the rise in regular wage share (left). For example, in Bihar, between 1983 and 2018, a doubling of SDP per capita reduced agricultural share of male employment by 20 pct pts but there was no



change in the proportion of regular wage male workers. But for women, the story is different (right). Leaving aside women who left the workforce (see earlier point), for those who remained, the share of regular wage workers increased rapidly in almost all states.

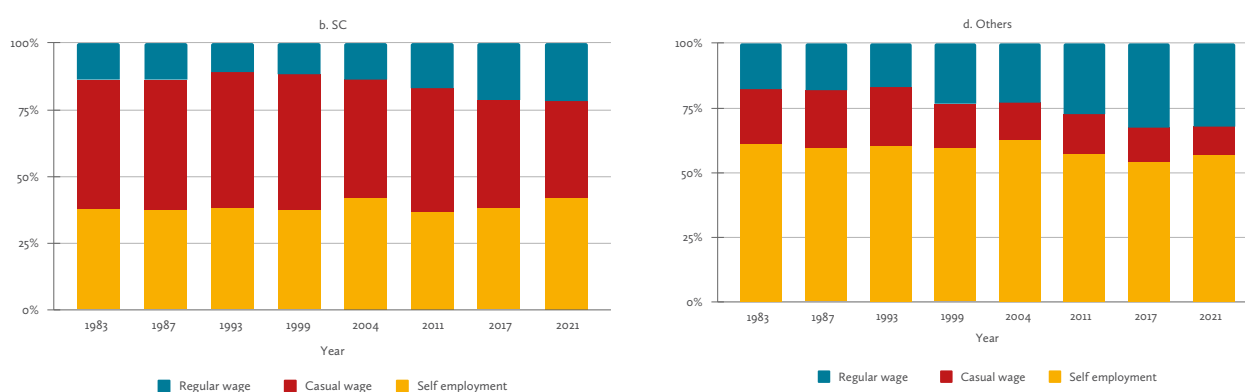
**Bringing together the Lewis and Kuznets processes: extent of decline in agricultural share and increase in regular wage share with a doubling of GDP across states.**



Sources and notes: NSS EUS and PLFS various rounds. This is Figure 3.23 in the report.

#### d. Growth created regular wage jobs for all castes but at very different rates.

##### Changing composition of employment type - caste



Sources and notes: NSS EUS and PLFS various rounds. Others - General category (excl. SC, ST, and OBC). This is Figure 3.13 in the report.

The figure shows the proportion of SC (left) and Other (right) workers found in various types of employment. As can be seen, SC workers are far more likely to be in casual employment as compared to Others. But encouragingly, the proportion of regular wage SC workers has risen since 2011. As of 2021-22, around 22% of SC workers were regular wage as compared to 32% of Others. But 40% of SC workers were in casual employment as compared to only 13% for Others. Jati-level analysis within the SC category using Census 1991 and 2011 data shows that significant variation exists in movement out of agriculture across jatis but strikingly, movement into construction (a principal source of casual work) observed at the aggregate SC level is seen for almost all SC jatis across states.

The employment structure varies far more across gender and caste identities than it does across religion. But, it is worth noting that Muslims are less likely to hold regular wage jobs and more likely to be in own-account or casual wage work over the entire four decade period after controlling for education, household size, state and other relevant factors. The persistent under-representation in regular wage work was noted in the Sachar Committee Report of 2006 as well and continues to be a matter of concern.

## 2. Intergenerational mobility has increased but less so for marginalised castes.

An analysis of father-son pairs in the NSSO employment surveys shows that, over the last 15 years, upward mobility has increased in terms of the type of work performed. In 2004 over 80% of sons of casual wage workers were themselves in casual employment (bottom right coloured cell). This was the case for both SC/ST workers and other castes. For non-SC/ST castes, by 2018, this proportion had fallen to 53% with the rest engaged in regular wage work (mostly of the informal kind). It fell for SC/ST castes as well, but to a lesser extent (75.6%). Another sign of improving job conditions is that the percentage of sons who had regular wage jobs like their fathers rose significantly between 2004 and 2018 (top left cell in table).

### Intergenerational mobility matrices over time disaggregated by caste

#### SC/ST

##### Year 2018

Son's Employment	Father's employment				
	Formal RW	Semi-formal RW	Informal RW	Self-employed	Casual
Formal RW	38.6	0.2	2.2	3.0	2.0
Semi-formal RW	10.5	43.3	6.1	3.8	2.7
Informal RW	20.9	22.2	64.1	11.0	14.1
Self-employed	16.7	26.5	11.8	62.9	5.6
Casual	13.3	7.9	16.0	19.2	75.6
Col Sum	100	100	100	100	100

#### SC/ST

##### Year 2004

Son's Employment	Father's employment				
	Formal RW	Semi-formal RW	Informal RW	Self-employed	Casual
Formal RW	14.8	2.7	0.2	1.6	0.2
Semi-formal RW	7.0	14.4	0.8	1.4	1.0
Informal RW	23.4	18.8	70.4	5.0	5.6
Self-employed	37.8	45.1	19.7	74.7	6.7
Casual	17.0	18.7	8.8	17.4	86.5
Col Sum	100	100	100	100	100

**Others****Year 2018**

Son's Employment	Father's employment				
	Formal RW	Semi-formal RW	Informal RW	Self-employed	Casual
Formal RW	34.4	2.5	16.8	6.3	4.7
Semi-formal RW	17.6	50.0	12.5	9.1	7.6
Informal RW	15.7	21.7	50.4	14.3	22.6
Self-employed	28.5	25.0	15.1	64.0	12.1
Casual	3.9	0.9	5.2	6.5	53.0
Col Sum	100	100	100	100	100

**Others****Year 2004**

Son's Employment	Father's employment				
	Formal RW	Semi-formal RW	Informal RW	Self-employed	Casual
Formal RW	17.3	1.3	4.2	2.7	0.0
Semi-formal RW	9.7	15.5	0.2	2.2	1.2
Informal RW	11.2	19.0	57.6	6.8	3.5
Self-employed	52.9	58.2	19.8	80.9	12.1
Casual	9.0	6.2	18.2	7.5	83.2
Col Sum	100	100	100	100	100

Sources and notes: NSSO EUS and PLFS various rounds. Numbers are percentages adding to 100 along the columns. Warmer colour indicate higher values. RW- Regular wage. This is Table 5.3 in the report.

### 3. Job creation continues to be India's main challenge

#### a. The relationship between growth and employment became weaker over time

Despite the improvements noted above, economic growth remains weakly connected to job creation. Since the 1980s, non-farm output consistently grew much faster than non-farm employment resulting in a steady fall in the employment elasticity (output growth divided by employment growth). India's employment elasticity is far lower than the developing country average. The most recent period (2017-2021) is an exception to the trend. Growth slowed down significantly while employment growth quickened and the elasticity increased. This period is discussed in Point 8. Over the long-run GDP growth and employment growth have been uncorrelated in India suggesting that policies oriented towards achieving faster GDP growth will not necessarily speed up job creation.

Period	Non-agricultural value-added growth (%)	Non-agricultural employment growth (%)	Non-agricultural employment elasticity
1983 to 1993	6.5	4.2	0.6
1993 to 2004	6.9	3.2	0.5
2004 to 2011	7.7	3.4	0.4
2011 to 2017	7.4	1.7	0.2
2017 to 2021	3.4	3.4	1

Sources and notes - RBI Database of the Indian Economy, RBI KLEMS, NSSO Employment-Unemployment Surveys, Periodic Labour Force Survey. This is adapted from Table 3.1 in the report.

## b. Open unemployment remains high among educated youth

Encouragingly, unemployment is lower post-Covid for all education levels. But it remains above 15% for graduates and more worryingly it touches a huge 42% for young graduates. At the other extreme, among older, less educated workers, it is in the range of 2-3%.

### Unemployment is concentrated among educated youth

Graduate & above	42.3	22.8	9.8	4.5	1.6
Higher secondary	21.4	10.6	5.0	3.1	2.1
Secondary	18.1	7.5	4.6	2.4	1.7
Primary or middle	15.0	5.4	3.0	2.4	2.2
Literate but below primary	10.6	3.3	1.5	2.4	2.2
Illiterate	13.5	4.3	4.0	3.4	2.4
	Less than 25 years	25-29 years	30-34 years	35-39 years	40 years and above

Sources and notes: PLFS 2021-22. This is Figure 2.3 in the report.

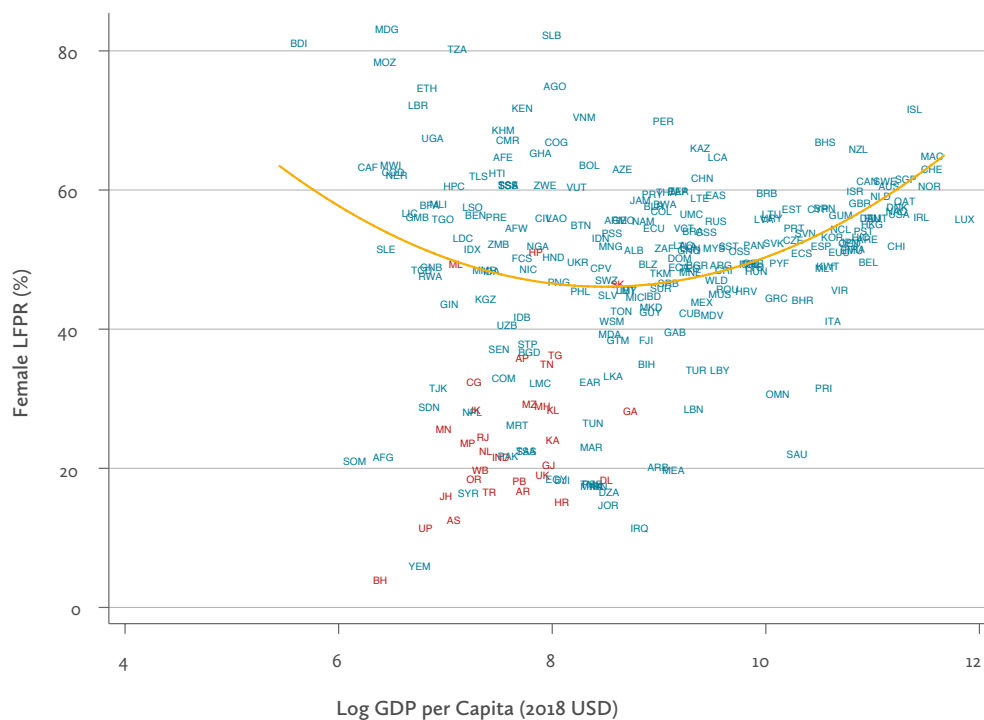
There is large variation in the rate of unemployment even within the higher educated group. The unemployment rate falls from over 40% for educated youth under 25 years of age to less than 5% for graduates who are 35 years and above. This indicates that eventually graduates do find jobs but the key questions are, what is the nature of jobs they find and do these match their skills and aspirations? More research is needed on this important topic.

## 4. The majority of women still remain outside the workforce due to supply and demand side challenges.

### a. Indian states are consistently lower than comparable developing countries in terms of the female LFPR

It is well-known that the female LFPR varies a lot across states of India. But despite this variation there is an overall “India effect”. The figure plots the log GDP per capita in constant US dollars against the female LFPR for all Indian states (red) and GDP per capita for all the countries in the World Development Indicators database (blue). The data is for the year 2018. Note that all the states with the exception of Himachal Pradesh (51%), Meghalaya (49%) and Sikkim (46.5%) lie well below the line of best fit. This means that they have lower rates of female LFPR than predicted for their level of per capita GDP.

### Indian states are consistently lower than comparable developing countries in terms of the female LFPR

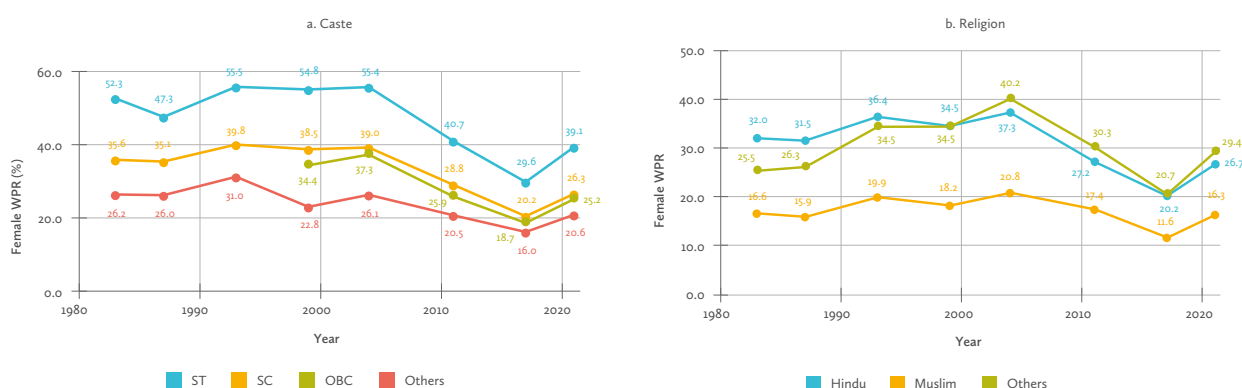


Sources and notes: WDI and PLFS 2018-19. This is Figure 2.11 in the report.

### b. Employment rates vary significantly across social groups.

The decline in women’s employment since 2004 has been witnessed across social groups, but the levels are very different pointing to the possible importance of gender norms on the supply-side (such as barriers to mobility) as well as the demand side (such as discrimination by employers).

## Long-run female workforce participation rates by caste and religion

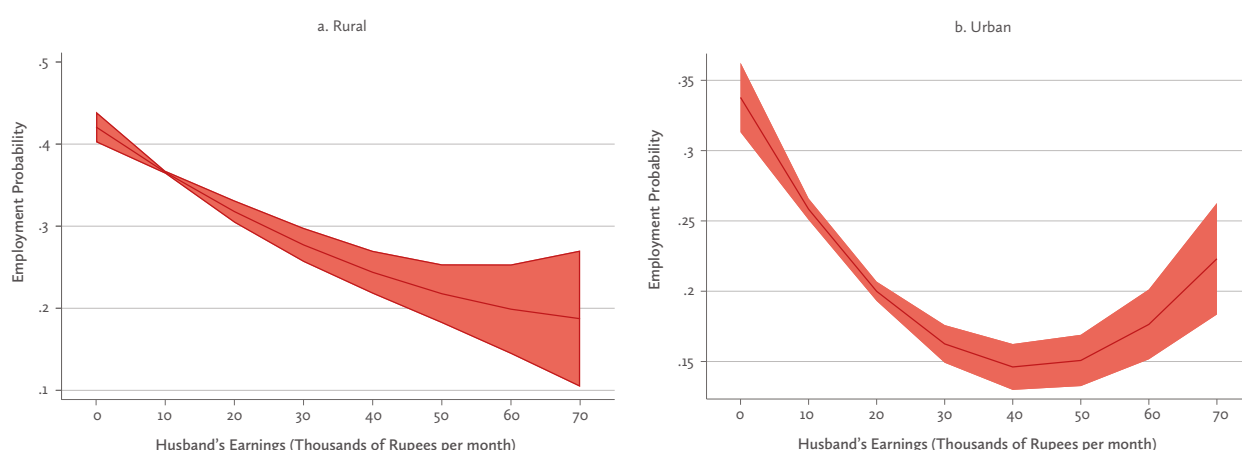


Sources and notes: NSS EUS and PLFS various rounds. *This is Figure 4.1 in the report.*

## c. As the husband's earnings rise, the wife's probability of being employed first falls and then rises.

A common gender norm is the “male breadwinner” norm, i.e. husbands are considered the primary earners with wives contributing to household income only if necessary. The PLFS data shows that in households where the husband's earnings are high, the probability of the wife being employed is low, controlling for individual and household factors. The fall slows down as husband's incomes increase in rural India, while for urban areas, there is a reversal beyond a certain level of income. As husband's earnings keep rising, from approximately ₹40,000 per month onwards, there is an increased likelihood of wives being employed. This U-shaped pattern could result from a change in norms with rising incomes or it could also be due to the fact that such husbands are matched with higher educated wives who have preferences as well as opportunities to access better paid work.

## Impact of husband's earnings on probability of being employed for women



Sources and notes: PLFS 2021-22. The marginal effects for each level of income are shown along with the confidence bands. See Chapter 4 and Methods Appendix for details. *This is Figure 4.4 in the report.*

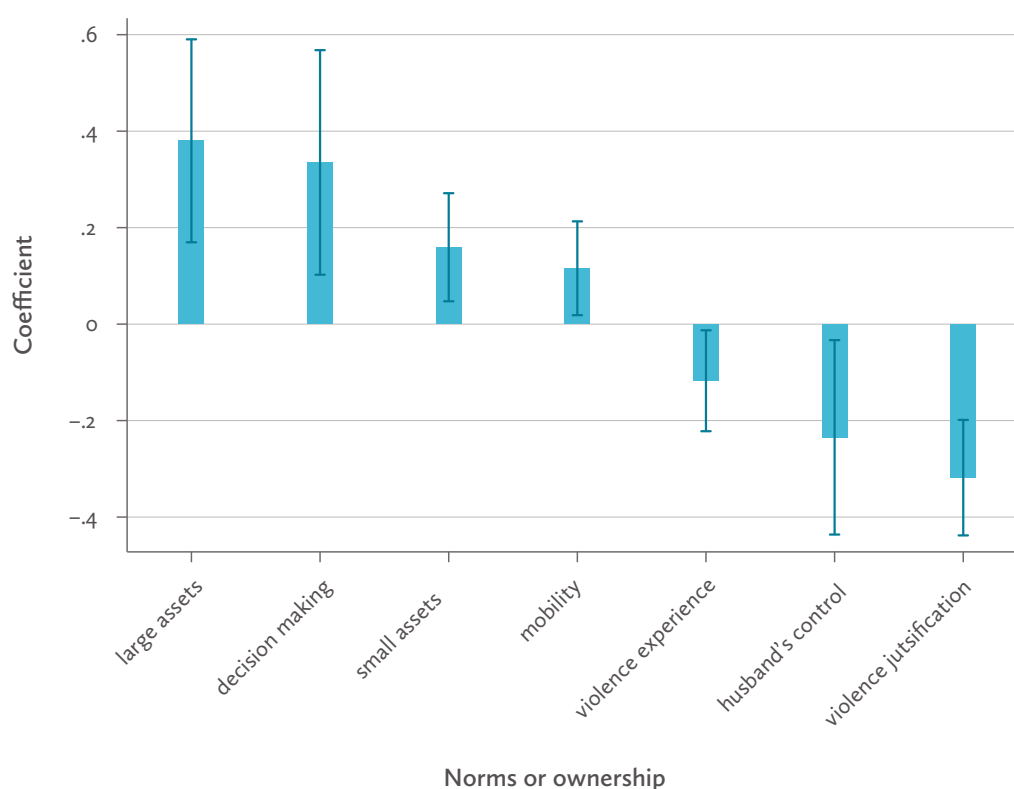
We also find a strong intergenerational effect of gender norms. Compared to households where there is no mother-in-law present, married women living in households where the mother-in-law is present but not employed are 20% (urban) to 30% (rural) less likely to be employed. However, if the mother-in-law was

present and employed herself, this is associated with a higher likelihood of women's participation to the extent of 50% (rural) to 70% (urban) more than households with no mother-in-law present.

**d. Districts where women experience less restrictions are also the ones where women are likely to undertake paid work but there is evidence for a backlash effect as well.**

The National Family Health Survey (NFHS) collects data on women's ownership of assets and their ability to make decisions in the household with regard to their own mobility as well as household purchases. It also collects data on justifications offered for domestic violence as well as actual incidence of violence.

**Progressive norms on women's autonomy correlate with higher likelihood of employment, but there is evidence for male backlash also**



Sources and notes: NFHS 2015-16. The plot shows the coefficients from a regression of women's employment status on district level norms. This is Figure 4.10 in the report.

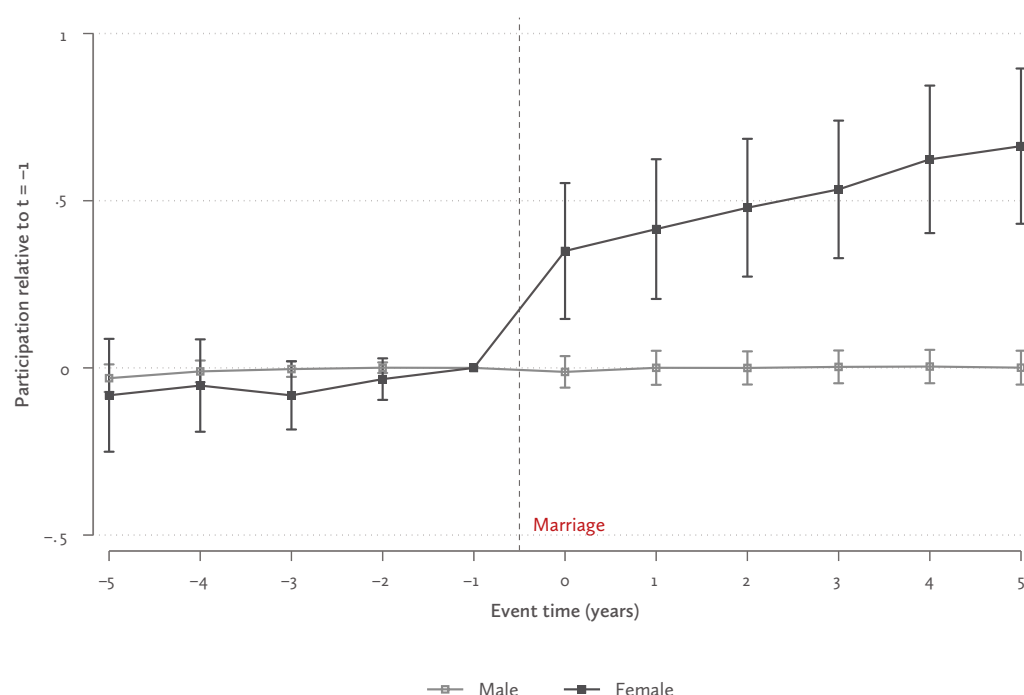
We find that district-level norms are significantly correlated with the probability of a woman being employed. A 10% increase in the district-level proportion of women who report the ability to make their own decisions on seeking healthcare or meeting relatives, or owning large assets is associated with a 4% increase in the probability of a woman in that district working.

But women who are more likely to do paid work reside in districts where domestic violence is more prevalent. This could be because of the backlash effect. The suggested mechanism is that working women are more likely to face partner violence due to challenging of established gender norms.

### e. Marriage increases the likelihood of being employed for women in rural Karnataka and Rajasthan

As part of the India Working Survey (IWS), we collected long-term, retrospective data on men's and women's life events and occupational history from the time they were 15 years of age. Women experienced a sharp jump in workforce participation from 26% in the year preceding marriage to 49% in the first five years of marriage. This employment was largely as contributing family workers or self-employment in agricultural work. Thus, for women in the informal economy, rather than a marriage or motherhood penalty for employment, we find the reverse. But the absence of a penalty may not be a positive outcome since it likely reflects a compulsion to work for subsistence.

#### Marriage increases the likelihood of being employed for women in rural Karnataka and Rajasthan



Sources and notes: India Working Survey 2020. These are results from a Life History Calendar exercise. Dashed line indicates time of marriage. 0 indicates the first year of marriage. This is Figure 4.6 in the report.

### f. Are there enough jobs for women workers?

Even if gender norms change and are no longer a barrier for women to undertake paid work, there still remains the question - are there enough jobs? We find evidence that lack of labour demand is also an important factor in explaining low levels of women's work participation. Using Census 2011 data we find that the proportion of women employed outside home is significantly negatively associated with the distance men travel for work. If we take long commuting distances as an indication of lack of local work opportunities, this finding also strengthens the case for a demand-side explanation for low levels of female participation. Combining the Population Census data with the Economic Census we find that women are more likely to work outside the home in those districts where the proportion of large firms (employing more than 10 workers) is higher.



### g. Measurement of employment in surveys can be improved by asking detailed questions and relying on self-reports rather than proxies.

Could the low rates of female workforce participation be a result of measurement error? The India Working Survey shows that measurement of women's WPR is affected by how questions are asked and to whom they are asked. We find that "calling out" activities (e.g. did you engage in any own-account work?, did you do salaried work?, etc) is better than asking individuals one overarching question asking if they did paid work. We also find that asking women directly about their employment status increases female WPR by over 5 percentage points. Thus, while measurement problems cannot explain the falling trend of female WPR, they can provide part of the explanation of low levels.

#### Differences between self and proxy reported employment status

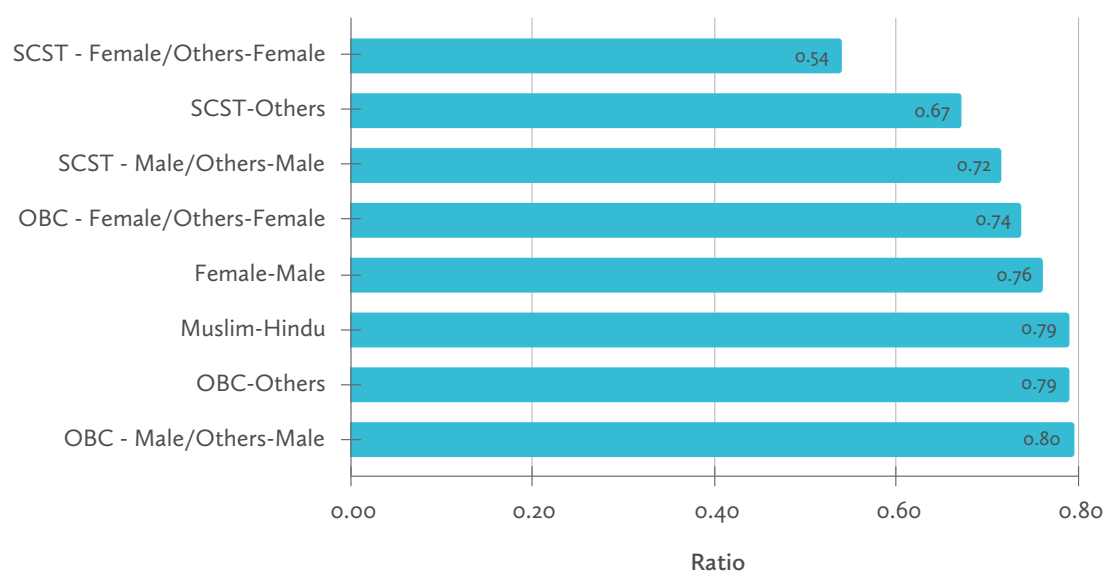
	Women			Men		
	Self	Proxy	Proxy-Self	Self	Proxy	Proxy-Self
Labour force participation rate	69.5	63.8	-5.7***	79.7	81.5	1.8
Workforce participation rate	63.2	57.9	-5.4***	76.9	78.7	1.8
Unemployment rate	9	6	-3	3.5	2.8	-0.7

Sources and notes - India Working Survey 2020, \*\*\* -  $p < 0.01$ . This is Table 7.2 in the report.

## 5. Raw gender earnings gaps have narrowed over time, but remain much higher than caste or religion-based gaps.

### a. The disparity in earnings is widest in self-employment and for SC/ST women workers.

#### Comparing caste, gender and religion-based earnings gaps for regular wage workers

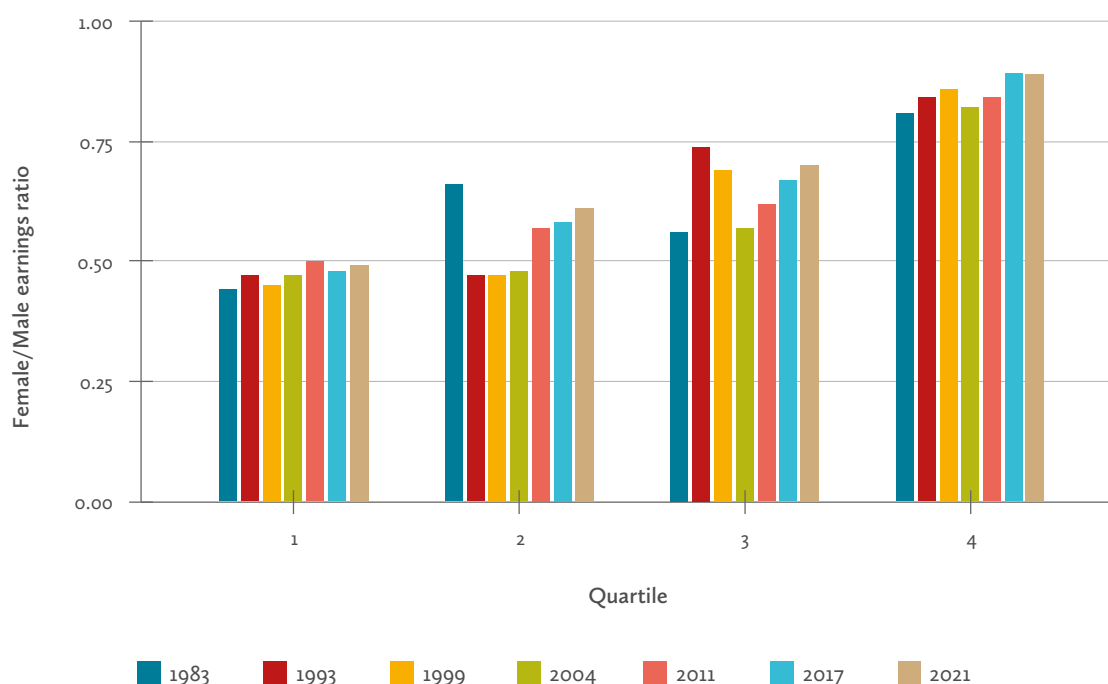


Sources and notes: PLFS 2021-22. This is Figure 6.3 in the report.

On average women earn 76% of what men earn in salaried work, which drops to only 40% for the self-employed. The salaried earnings gap for caste (SC/ST - Others) is similar at 76%, while the religion gap is narrower. At the intersection of caste and gender, more severe disparities arise. Women SC/ST workers earn only 54% of what General caste women earn in salaried work.

## b. Raw gap between earnings for male and female salaried workers declined across the distribution since 2004.

The gender earnings gap has decreased over time among regular wage workers



Sources and notes: NSS EUS and PLFS various years. *This is Figure 6.4 in the report.*

The salaried earnings gap varies across the earnings distribution. On average, at the upper end, there is greater parity in wages. Women workers in the top quartile of the salaried earnings distribution earn 90% of what men earn. In the bottom quartile this drops to 50%. The gender earnings gap has narrowed since 2004, particularly in the top quartile.

## c. Controlling for individual and household characteristics as well as industry and occupation, gender penalties remain much higher than caste and religion-based

The raw earnings gaps reported above can be the result of differences in levels of education or experience as well as the type of industry or occupation. Regression analysis allows us to control for these factors and measure the residual or unexplained gap. This penalty is much higher for gender (34.6%) as compared to caste (4%) or religion (6%). This means that the earnings disparities observed for the latter two are almost entirely explained by differences in education, household economic status or industry and occupation of work. But for women, a large part of the disparities is not so explained. We note that while a SC/ST penalty

(unexplained gap) has always been present since the 1980s, a statistically significant earnings penalty for Muslim salaried workers has only been observed since 2017 and only in urban areas (around 4 to 5%).

Blinder-Oaxaca decomposition shows a much higher unexplained gap for gender than caste

Year	Caste		Gender	
	Explained	Unexplained	Explained	Unexplained
1983	69.6	30.4	36	64
1993	88.7	11.3	41.4	58.6
1999	96.6	3.4	41.8	58.2
2004	85.3	14.7	42.3	57.7
2011	82.6	17.4	31.5	68.5
2017	82.3	17.7	16.5	83.5
2021	85.5	14.5	18.9	81.1

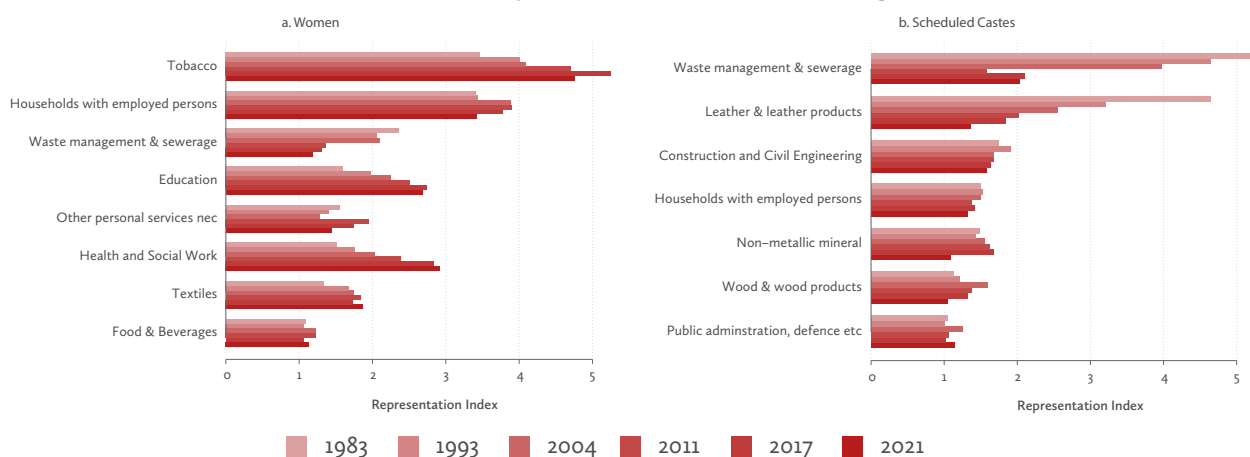
Sources and notes: NSS EUS and PLFS various years. The table shows results of a Blinder-Oaxaca decomposition analysis. This is adapted from Table 6.4 of the report.

## 6. Industrial segregation has declined over time but segregation by occupation and industry remains important in explaining disparities of caste, religion and gender.

### a. Caste-based industrial segregation decreased but gender-based segregation increased between 1983 and 2021

We calculate a Representation Index (RI) for each industry by caste and gender. The RI takes the value 1 if the share of a social group in a particular industry is the same as the share of that group in the entire workforce. At the beginning of the analysis period, in the early 1980s there was strong caste-based segregation with SC workers more than 5 times over-represented in waste-related work and over 4 times

#### Industries that show consistent over-representation for disadvantaged identities



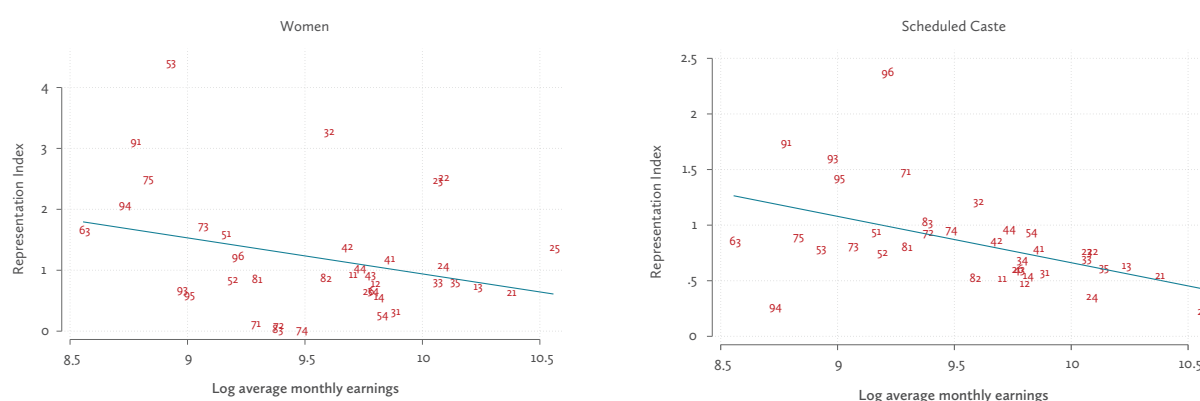
Sources and notes: NSSO EUS and PLFS various rounds. Shown are Representation Indices. This is Figure 6.8 in the report.

in leather-related work. This has declined rapidly over time though they remain over-represented as of 2021-22. In the case of the leather industry, the representation index declined from 4.6 in 1983 to 1.4 in 2021. In case of waste management and sewerage, over-representation of SCs decreased from over 5 times their workforce share in 1983 to 1.6 times in 2011 before increasing slightly. On the other hand, industrial segregation along gender lines has worsened in this period.

## b. Marginalised identities continue to be overrepresented in low-paying occupations

The PLFS data for 2021-22 clearly shows a statistically significant inverse relationship between the RI and monthly earnings for various occupations. For example, the lowest paid occupation of personal care workers, with monthly average real earnings of less than ₹10,000, has four times as many women as there are in the workforce as a whole. The same is the case for Scheduled Caste workers. Naturally, the opposite is the case for General caste workers, whose representation grows stronger with increasing earnings.

### Women and Scheduled Castes are over-represented in low paying occupations

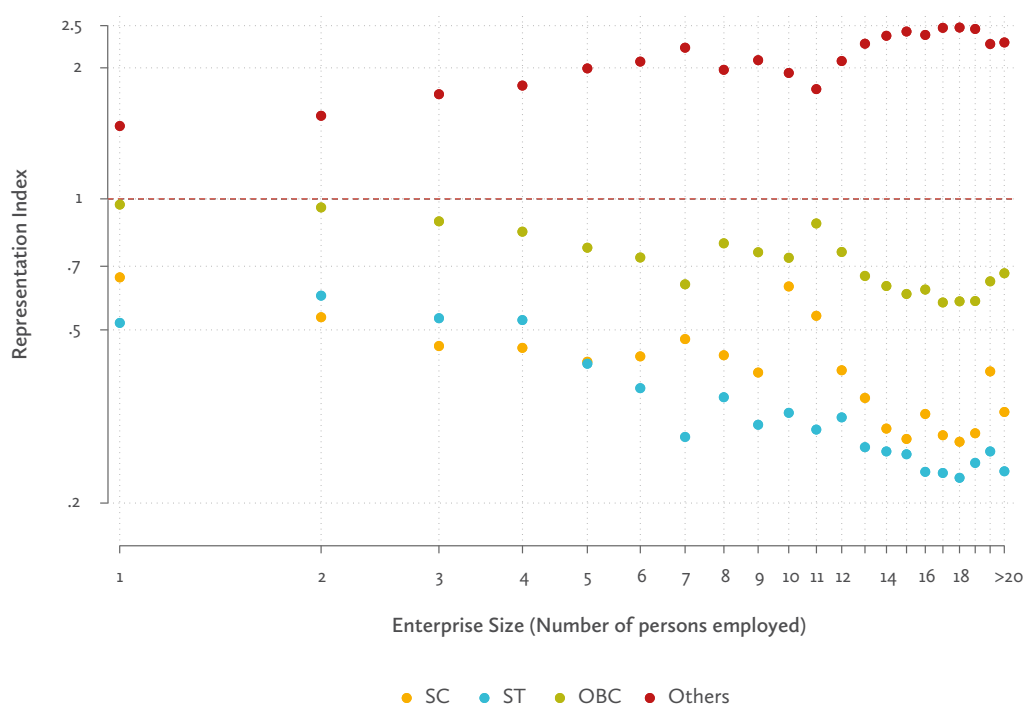


Sources and notes: PLFS 2021-22. The X-axis shows log earnings. Actual earnings range between ₹5000 and ₹36000 per month. These are adapted from Figures 6.9 and 6.11 in the report.

## 7. Caste-based marginalisation is clearly visible in firm ownership patterns.

We construct a Representation Index for various caste groups based on firm ownership data from the 6th Economic Census data (2013). We find that even in the smallest firm sizes, SC and ST workers are under-represented compared to their share in the overall workforce. But even more significantly, the RI decreases steadily as firm size increases implying that in larger firms, SC/ST owners are more of a rarity. SC and ST owners are barely represented among firms employing more than 20 workers. Correspondingly, General caste overrepresentation increases with firm size. The OBCs are found between the two extremes. In 2013 (the year of the last Economic Census) we estimate that this under-representation cost SC, ST, OBC owners ₹42,000 crores (in 2013 prices). That is, around one-fourth of all private proprietary GVA in the manufacturing sector would be under the control of marginalised social groups if there was no bias in caste representation in ownership of enterprises.

## Privileged castes are over-represented to a greater degree in larger enterprises



Sources and notes - 6th Economic Census, 2013. This is Figure 6.13 in the report.

## 8. The last few years saw the creation of more formal salaried jobs than earlier. But women were compelled to enter self-employment due to distress caused by the growth slowdown and the pandemic.

Between 2017 and 2021, there was a slowdown in overall regular wage job creation but formal jobs (with a written contract and benefits) as a share of all regular wage work rose from 25% to 35%. In 2020-21 (pandemic year) regular wage employment fell by 2.2 million. But this net change hides an increase in formal employment by 3 million and a loss of about 5.2 million of semi and informal regular wage employment. While half of the lost employment is accounted for by women, only a third of the increase in formal employment accrued to women. So in net terms, women lost out on formal employment in this period. Not only that, there was a shift towards self-employment due to distress.

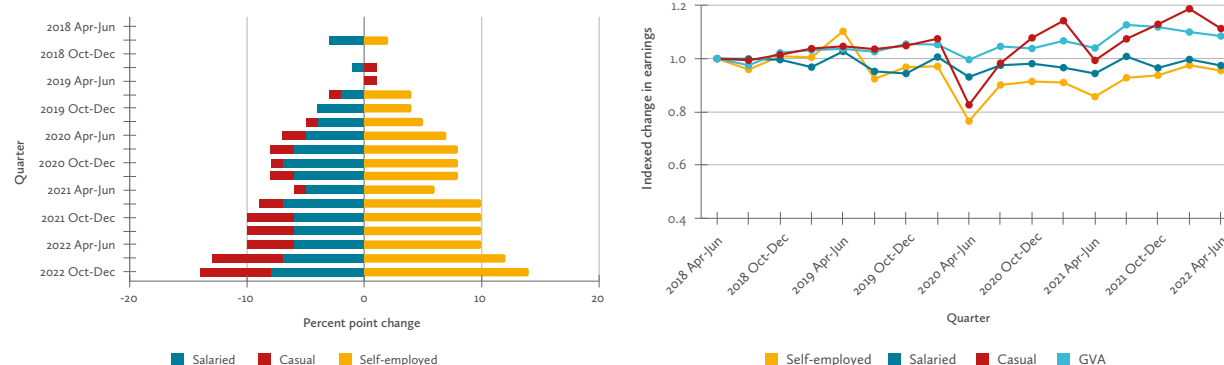
### a. Workforce participation rate for women rose during the growth slowdown but most of the increase was in self-employment

After falling or being stagnant since 2004, female employment rates have risen since 2019. Why did employment rates rise at a time when growth was slowing down? The explanation is that it was mainly self-employment that rose, led by distress. Compared to the April-June 2018 quarter, salaried employment for women was down a cumulative of 8 pct pts as of the most recent available data (Oct-Dec 2022) while

self-employment was up 14 pct pts. The figure shows this cumulative quarter-by-quarter change compared to the base (April-June 2018) quarter. As a result earnings from self-employment declined in real terms over this period. Even two years after the 2020 lockdown (in April-June 2022), self-employment earnings were only 85% of what they were in the April-June 2019 quarter.

This is a cautionary note against placing too much emphasis merely on rising work participation rates for women. If participation rises due to economic growth and rising labour demand, this has very different implications than if it rises due to falling household incomes which force women into self-employment.

### Women largely entered self-employment and moved away from wage work, reducing earnings from self-employment



Sources and notes: PLFS, various rounds. These are Figures 2.6 and 2.8 in the report.

## b. Covid-induced reversal of structural change - women impacted longer

The loss of jobs during the pandemic forced workers to fall back on agriculture or on self-employment in order to survive. As a result the share of employment accounted for by these two sectors rose sharply in the lockdown quarter (April-June 2020). Two years later, it had declined to pre-pandemic levels for men but continued to remain elevated for women.

Quarter	Agriculture share (%)		Self-employment share (%)	
	Male	Female	Male	Female
April to June 2018	36.8	47.9	51.9	50.6
April to June 2019	33.9	44.2	50.5	50.2
April to June 2020	42.3	57.7	58.2	57.8
April to June 2021	38.5	58.2	55.2	56.7
April to June 2022	34.3	55	52.1	61

Sources and notes: PLFS, various rounds. This is Table 2.3 in the report.

The foregoing highlights some important takeaways from this year's report. We hope that the analysis and findings presented in the report will be of use to researchers, policy-makers, students, journalists and the general public.

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